

Meese Says Diversion of Iran Arms Funds Surprised Reagan, Denies Lag in Inquiry.

By DAVID ROCKS
AND ANDY PASAROTIS
Staff Reporters of The Wall Street Journal

WASHINGTON—Attorney General Edwin Meese testified that he was surprised by the diversion of funds for Iran arms, but he denied that the inquiry into the matter was lagging.

Meese's principal legal adviser—not as a "friend"—and that the president was surprised to learn of the diversion of funds for Iran arms, he said, "but I am satisfied that it took place."

Though he interviewed officials as Secretary of State George Shultz with an aide present, Mr. Meese appears to have met or talked with many other high-ranking officials alone and without tele-takers. Among these were Vice President George Bush and Defense Secretary Casper Weinberger, as well as Adm. Poindexter and Mr. Casey, two men who knew much about the operation, Mr. Meese said.

Mr. Meese said that many of his talks with Mr. Casey, including their Nov. 22 meeting lasting as long as an hour at the late director's home, weren't "any part of the inquiry, as such."

Weeks before Mr. Meese began his controversial Iran Contra inquiry, a separate team of federal fraud prosecutors had gathered information that "conclusively established" that some funds earmarked by Congress for humanitarian aid to the Contras "instead" were "used to buy weapons."

According to the memo released by the committee, the alleged scheme involved the submission of false documentation to the government by "unilateral action" of the CIA—apparently a reference to individuals associated with the agency. The memo also said the alleged scheme was "clearly prohibited by the Boland Amendment."

The fraud investigation was part of a larger, but previously undisclosed, Justice Department criminal inquiry that apparently involved the activities of Col. North

and some of the same individuals later implicated in the Iran-Contra scandal.

In the midst of that earlier criminal probe, department investigators suspected that senior officials of the U.S. Customs Service, the CIA station chief in Costa Rica, and U.S. Embassy officials in that country attempted to discourage or interfere with the investigation, according to the memo.

Mr. Meese is likely to face sharp questioning about what he knew, if anything, about these and other controversial issues when he returns to testify today.

Yesterday, Mr. Meese maintained that as far as he knew last November, there was "absolutely no connection" between the subjects covered by his early Iran Contra inquiry and any other ongoing criminal investigations by the Justice Department at the time.

FBI Inquiry
The attorney general's testimony, however, raised new questions about stories by Mr. Meese and Adm. Poindexter last fall to sidetrack a separate Federal Bureau of Investigation inquiry focusing on the operations of Southern Air Transport, a Miami-based cargo airline involved in shipping arms both to the Contras and to Iran.

Mr. Meese previously acknowledged that Adm. Poindexter's urging last Oct. 31, he obtained a delay in that FBI inquiry on the ground that it threatened to interfere with still-secret efforts to release American hostages in the Middle East.

Mr. Meese also said that when the initial 10-day delay expired, the bureau was "anxious to resume its investigation" and sought a green light from Justice Department headquarters.

According to his own notes, Mr. Meese then asked Adm. Poindexter to check again on the "status" of the airline's involvement in secret hostage negotiations. Despite four separate requests from the FBI, Justice Department officials withheld

approval to resume the investigation until placed in the Iran-Contra scandal.

Mr. Meese also contacted Treasury Secretary James Baker to urge a delay in the Southern Air investigations, too, lawyers he didn't realize the carrier's important role in the scandal until later that month. But earlier testimony has revealed that Col. North, Adm. Poindexter and some of their associates feared that a prompt and aggressive criminal investigation of the former CIA-controlled airline could reveal the secret arms-for-hostages deal with Iran and diversion of funds to the Contras.

Separately, the Senate Intelligence Committee confirmed that its former chairman, Sen. Patrick Leahy last January had leaked a draft report on the Iran Contra affair to NBC News. The disclosure, explaining Sen. Leahy's early resignation from the panel on Jan. 13, The Vermont liberal sought to blunt criticism in a prepared statement expressing chagrin, by saying he never intended that the report be made public.

deal with Iran and diversion of funds to the Contras.

Separately, the Senate Intelligence Committee confirmed that its former chairman, Sen. Patrick Leahy last January had leaked a draft report on the Iran Contra affair to NBC News. The disclosure, explaining Sen. Leahy's early resignation from the panel on Jan. 13, The Vermont liberal sought to blunt criticism in a prepared statement expressing chagrin, by saying he never intended that the report be made public.

deal with Iran and diversion of funds to the Contras.

Separately, the Senate Intelligence Committee confirmed that its former chairman, Sen. Patrick Leahy last January had leaked a draft report on the Iran Contra affair to NBC News. The disclosure, explaining Sen. Leahy's early resignation from the panel on Jan. 13, The Vermont liberal sought to blunt criticism in a prepared statement expressing chagrin, by saying he never intended that the report be made public.

deal with Iran and diversion of funds to the Contras.

Separately, the Senate Intelligence Committee confirmed that its former chairman, Sen. Patrick Leahy last January had leaked a draft report on the Iran Contra affair to NBC News. The disclosure, explaining Sen. Leahy's early resignation from the panel on Jan. 13, The Vermont liberal sought to blunt criticism in a prepared statement expressing chagrin, by saying he never intended that the report be made public.

deal with Iran and diversion of funds to the Contras.

Separately, the Senate Intelligence Committee confirmed that its former chairman, Sen. Patrick Leahy last January had leaked a draft report on the Iran Contra affair to NBC News. The disclosure, explaining Sen. Leahy's early resignation from the panel on Jan. 13, The Vermont liberal sought to blunt criticism in a prepared statement expressing chagrin, by saying he never intended that the report be made public.

deal with Iran and diversion of funds to the Contras.

Separately, the Senate Intelligence Committee confirmed that its former chairman, Sen. Patrick Leahy last January had leaked a draft report on the Iran Contra affair to NBC News. The disclosure, explaining Sen. Leahy's early resignation from the panel on Jan. 13, The Vermont liberal sought to blunt criticism in a prepared statement expressing chagrin, by saying he never intended that the report be made public.

deal with Iran and diversion of funds to the Contras.

Separately, the Senate Intelligence Committee confirmed that its former chairman, Sen. Patrick Leahy last January had leaked a draft report on the Iran Contra affair to NBC News. The disclosure, explaining Sen. Leahy's early resignation from the panel on Jan. 13, The Vermont liberal sought to blunt criticism in a prepared statement expressing chagrin, by saying he never intended that the report be made public.

deal with Iran and diversion of funds to the Contras.

Separately, the Senate Intelligence Committee confirmed that its former chairman, Sen. Patrick Leahy last January had leaked a draft report on the Iran Contra affair to NBC News. The disclosure, explaining Sen. Leahy's early resignation from the panel on Jan. 13, The Vermont liberal sought to blunt criticism in a prepared statement expressing chagrin, by saying he never intended that the report be made public.

deal with Iran and diversion of funds to the Contras.

Separately, the Senate Intelligence Committee confirmed that its former chairman, Sen. Patrick Leahy last January had leaked a draft report on the Iran Contra affair to NBC News. The disclosure, explaining Sen. Leahy's early resignation from the panel on Jan. 13, The Vermont liberal sought to blunt criticism in a prepared statement expressing chagrin, by saying he never intended that the report be made public.

deal with Iran and diversion of funds to the Contras.

Separately, the Senate Intelligence Committee confirmed that its former chairman, Sen. Patrick Leahy last January had leaked a draft report on the Iran Contra affair to NBC News. The disclosure, explaining Sen. Leahy's early resignation from the panel on Jan. 13, The Vermont liberal sought to blunt criticism in a prepared statement expressing chagrin, by saying he never intended that the report be made public.

deal with Iran and diversion of funds to the Contras.

Separately, the Senate Intelligence Committee confirmed that its former chairman, Sen. Patrick Leahy last January had leaked a draft report on the Iran Contra affair to NBC News. The disclosure, explaining Sen. Leahy's early resignation from the panel on Jan. 13, The Vermont liberal sought to blunt criticism in a prepared statement expressing chagrin, by saying he never intended that the report be made public.

deal with Iran and diversion of funds to the Contras.

Separately, the Senate Intelligence Committee confirmed that its former chairman, Sen. Patrick Leahy last January had leaked a draft report on the Iran Contra affair to NBC News. The disclosure, explaining Sen. Leahy's early resignation from the panel on Jan. 13, The Vermont liberal sought to blunt criticism in a prepared statement expressing chagrin, by saying he never intended that the report be made public.

deal with Iran and diversion of funds to the Contras.

deal with Iran and diversion of funds to the Contras.

Separately, the Senate Intelligence Committee confirmed that its former chairman, Sen. Patrick Leahy last January had leaked a draft report on the Iran Contra affair to NBC News. The disclosure, explaining Sen. Leahy's early resignation from the panel on Jan. 13, The Vermont liberal sought to blunt criticism in a prepared statement expressing chagrin, by saying he never intended that the report be made public.

deal with Iran and diversion of funds to the Contras.

Separately, the Senate Intelligence Committee confirmed that its former chairman, Sen. Patrick Leahy last January had leaked a draft report on the Iran Contra affair to NBC News. The disclosure, explaining Sen. Leahy's early resignation from the panel on Jan. 13, The Vermont liberal sought to blunt criticism in a prepared statement expressing chagrin, by saying he never intended that the report be made public.

deal with Iran and diversion of funds to the Contras.

Separately, the Senate Intelligence Committee confirmed that its former chairman, Sen. Patrick Leahy last January had leaked a draft report on the Iran Contra affair to NBC News. The disclosure, explaining Sen. Leahy's early resignation from the panel on Jan. 13, The Vermont liberal sought to blunt criticism in a prepared statement expressing chagrin, by saying he never intended that the report be made public.

deal with Iran and diversion of funds to the Contras.

Separately, the Senate Intelligence Committee confirmed that its former chairman, Sen. Patrick Leahy last January had leaked a draft report on the Iran Contra affair to NBC News. The disclosure, explaining Sen. Leahy's early resignation from the panel on Jan. 13, The Vermont liberal sought to blunt criticism in a prepared statement expressing chagrin, by saying he never intended that the report be made public.

deal with Iran and diversion of funds to the Contras.

Separately, the Senate Intelligence Committee confirmed that its former chairman, Sen. Patrick Leahy last January had leaked a draft report on the Iran Contra affair to NBC News. The disclosure, explaining Sen. Leahy's early resignation from the panel on Jan. 13, The Vermont liberal sought to blunt criticism in a prepared statement expressing chagrin, by saying he never intended that the report be made public.

deal with Iran and diversion of funds to the Contras.

Separately, the Senate Intelligence Committee confirmed that its former chairman, Sen. Patrick Leahy last January had leaked a draft report on the Iran Contra affair to NBC News. The disclosure, explaining Sen. Leahy's early resignation from the panel on Jan. 13, The Vermont liberal sought to blunt criticism in a prepared statement expressing chagrin, by saying he never intended that the report be made public.

deal with Iran and diversion of funds to the Contras.

Separately, the Senate Intelligence Committee confirmed that its former chairman, Sen. Patrick Leahy last January had leaked a draft report on the Iran Contra affair to NBC News. The disclosure, explaining Sen. Leahy's early resignation from the panel on Jan. 13, The Vermont liberal sought to blunt criticism in a prepared statement expressing chagrin, by saying he never intended that the report be made public.

deal with Iran and diversion of funds to the Contras.

Separately, the Senate Intelligence Committee confirmed that its former chairman, Sen. Patrick Leahy last January had leaked a draft report on the Iran Contra affair to NBC News. The disclosure, explaining Sen. Leahy's early resignation from the panel on Jan. 13, The Vermont liberal sought to blunt criticism in a prepared statement expressing chagrin, by saying he never intended that the report be made public.

deal with Iran and diversion of funds to the Contras.

Separately, the Senate Intelligence Committee confirmed that its former chairman, Sen. Patrick Leahy last January had leaked a draft report on the Iran Contra affair to NBC News. The disclosure, explaining Sen. Leahy's early resignation from the panel on Jan. 13, The Vermont liberal sought to blunt criticism in a prepared statement expressing chagrin, by saying he never intended that the report be made public.

deal with Iran and diversion of funds to the Contras.

Separately, the Senate Intelligence Committee confirmed that its former chairman, Sen. Patrick Leahy last January had leaked a draft report on the Iran Contra affair to NBC News. The disclosure, explaining Sen. Leahy's early resignation from the panel on Jan. 13, The Vermont liberal sought to blunt criticism in a prepared statement expressing chagrin, by saying he never intended that the report be made public.

deal with Iran and diversion of funds to the Contras.

Separately, the Senate Intelligence Committee confirmed that its former chairman, Sen. Patrick Leahy last January had leaked a draft report on the Iran Contra affair to NBC News. The disclosure, explaining Sen. Leahy's early resignation from the panel on Jan. 13, The Vermont liberal sought to blunt criticism in a prepared statement expressing chagrin, by saying he never intended that the report be made public.

deal with Iran and diversion of funds to the Contras.

merrin
MASTER JEWELERS FOR OVER HALF A CENTURY EST. 1932

WEATHER OR NOT, THIS UMBRELLA WILL MAKE HER SHINE
Just watch the sunny smile on her face when you give her this pendant to her. It's an irresistible design with a natural diamond in a beautifully carved frame.
Dustproof 14 kt. gold with a precious diamond raindrop. A wonderful whimsical gift.
Pendant \$120
18 inch, 14 kt. Gold Chain \$45

724 FIFTH AVENUE (bet. 56th & 57th Sts.) on the 4th floor, New York, NY 10035
212-582-3303
We accept American Express and all major credit cards.
OPEN MONDAY THROUGH SATURDAY

Westinghouse? What a way to take the wrinkles out of acquisition financing!



Westinghouse is no longer making steam irons, but we can certainly help smooth out the complexities of your next acquisition.

Westinghouse Credit is an innovative resource for all kinds of corporate financing—from leveraged buyouts to capital for expansion to recapitalizations. Our network of skilled specialists offers the in-depth knowledge you need to get the job done. And since every deal is different, our broad range of capabilities and services is designed to encourage flexibility.

That's why we're one of America's fastest growing resources for business capital. A lender with so many satisfied customers that over \$2 billion of our financing last year was repeat business. Maybe you, too, should look into Westinghouse Credit. We'd like to help you iron out your next corporate financing deal.

Westinghouse Credit

Westinghouse Credit Corporation, One Oxford Centre, Pittsburgh, PA 15219; Commercial and Residential Real Estate Financing, Corporate Financing, Acquisition Financing, Asset Based Lending, Leasing and Fixed Asset Financing.

You can be sure...if it's Westinghouse

Data	
Dec. 31, 1986	
Assets	\$18.34 billion
Equity	\$655 million, or \$4.28 a share
Debt	118,600
Revenue	\$29.1 billion
Operating income	\$735 million
Net income	\$757 million
EPS	\$2.59
Dividend	\$3.27 billion
Shares	155.4 million

Boeing received permission under its 1986 anti-trust act to buy a 10% of Boeing's 15.4 million outstanding. Boeing itself, after partnership's filing only later after its board approved and takeover. Boeing didn't make any announcement yesterday. Persons familiar with Boeing said they believed that by disclosing information concerning the Westinghouse deal, Boeing might run up sharply making expensive and less appealing for buy Boeing shares.

Boeing's corporate profile is already up to takeover specialists, some in close to Boeing said, its business which includes defense and aircraft engineering, was closely intertwined with any major units that a takeover to reduce debt taken because a takeover, its defense acquire, that top management received clearance, and keeping the in contact after a takeover could be.

For Recapitalization
Over Wall Street executives say, characteristics make it a good candidate for a recapitalization. Boeing's share price, which yielded a bonanza for shareholders, Boeing's top management has a reputation for being conservative, has maintained a ratio of about 3% of one of the company in the nation's top 100, well below the 5% to 10% that executives say Boeing should do without the proceeds to enhance shares.

Boeing appears to be a target with an order backlog of a billion, more than half a billion, and liquid investments, and a large stock of notes. But unlike Pickens's other targets, Boeing isn't a company Mr. Pickens successfully run it, that's some world's largest maker of aircraft and a big player in the Boeing would be in a public event that was unexpected.